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United States Telephone Association

TELEPHONE STATISTICS 1986

For the year 1985

VOLUME 1—1986 EDITION

UNITED STATES TELEPHONE ASSOCIATION

The United States Telephone Association was organized in 1897 for the purpose of promoting the general welfare of the individual firms and corporations engaged in providing independent telephone service in cities, communities and rural areas in the United States and its territories as well as the manufacturers and suppliers of equipment and material needed to meet these service requirements. The Association was incorporated under the laws of the state of Illinois in 1915. In 1984 all the Bell Companies joined the Association.

One of the activities engaged in by the Association in serving its members is that of publishing annually a volume containing statistical data and other information relating to the telephone industry.

The format and extent of the statistical data and other information have been changed from time to time in order to enhance the usefulness of this publication.

We wish to express appreciation to those companies which have contributed to the publication of the volume by submitting underlying operating data and other information.

July 1986 *United States Telephone Association*

STATISTICS

OF THE

TELEPHONE INDUSTRY

Data Compiled by

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Manager for Membership Affairs

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By United States Telephone Association

SCOPE

The information contained in this Annual Statistical Volume is based on information submitted to the United States Telephone Association by 677 companies (Independent Class A 634, Bell Companies 24 and Class B 19). These companies represent the following percentage of the total telephone industry.

Companies	47.48
Exchanges	89.37
Employees	99.53
Access Lines	99.24
Plant	99.18
Operating Revenues	99.28

For its accounting purposes the Federal Communications Commission has established the following classifications based on annual operating revenues:

Class A	$250,000 and over
Class B	$100,000-$249,999

Due to variations in the number of companies reporting for the periods involved, as well as changes in individual company classification, care should be exercised when making comparisons based upon data contained herein.

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STATISTICAL SUMMARY OF THE TELEPHONE INDUSTRY IN THE UNITED STATES

	Independents	Bell System (1)	Total Bell & Independents
	ACCESS LINES (000 Omitted)		
1985	24 330	93 945	118 275
1984	23 020	91 454	114 474
1983	22 331	89 042	111 373
1982	21 672	86 921	108 593
1981	21 429	85 987	107 416
1980	20 808	83 884	104 692
1979	20 078	81 400	101 478
1978	19 246	78 366	97 612
1977	18 345	75 125	93 470
1976	17 538	72 308	89 846
	OPERATING COMPANIES		
1985	1 402	24	1 426
1984	1 416	24	1 440
1983	1 429	24	1 453
1982	1 432	24	1 456
1981	1 459	24	1 483
1980	1 483	24	1 507
1979	1 488	24	1 512
1978	1 527	24	1 551
1977	1 556	24	1 580
1976	1 590	24	1 614
	EXCHANGES		
1985	11 441	7 393	18 834
1984	11 068	7 314	18 382
1983	11 070	6 870	17 940
1982	11 074	6 874	17 948
1981	11 086	6 872	17 958
1980	11 040	6 717	17 757
1979	11 050	6 654	17 704
1978	11 053	6 705	17 758
1977	11 045	6 711	17 756
1976	11 040	6 712	17 752

(1) Includes Cincinnati Bell and Southern New England Telephone

STATISTICAL SUMMARY OF THE TELEPHONE INDUSTRY IN THE UNITED STATES

	Independents	Bell System (1)	Total Bell & Independents
	TOTAL INVESTMENT IN PLANT ($000 Omitted)		
1985	$49 069 304	158 219 643	$207 288 947
1984	45 850 000	147 929 405	193 779 405
1983	44 500 000	154 772 267	199 272 267
1982	41 500 000	150 245 954	191 745 954
1981	38 298 000	139 625 294	177 923 294
1980	35 300 000	127 162 862	162 462 862
1979	31 644 000	116 016 484	147 660 484
1978	27 788 000	105 497 839	133 285 839
1977	25 130 000	96 356 312	121 486 312
1976	$23 000 000	89 293 749	$112 293 749
	TOTAL OPERATING REVENUES ($000 Omitted)		
1985	$17 245 000	61 179 967	$78 424 967
1984	16 000 000	57 867 566	73 867 566
1983	14 875 000	64 027 379	78 902 379
1982	13 880 000	61 193 733	75 073 733
1981	12 206 000	55 283 295	67 489 295
1980	10 475 000	48 349 267	58 824 267
1979	9 240 000	43 237 949	52 477 949
1978	8 085 000	39 029 880	47 114 880
1977	7 115 000	34 595 057	41 710 057
1976	$ 6 300 000	31 076 660	$37 376 660
	EMPLOYEES		
1985	199 993	525 007	725 000
1984	179 944	556 561	736 505
1983	186 800	691 838	878 638
1982	192 100	797 525	989 625
1981	197 200	831 151	1 028 351
1980	194 000	827 391	1 021 391
1979	190 000	816 624	1 006 624
1978	179 000	786 658	965 658
1977	167 000	750 198	917 198
1976	160 000	743 075	903 075

Due to the divestiture of the Bell System in 1984, the 1984 and 1985 figures shown for the Bell's Plant and Revenue are not comparable with prior years.

(1) Includes Cincinnati Bell and Southern New England Telephone

STATISTICAL SUMMARY OF THE INDEPENDENT TELEPHONE INDUSTRY IN THE UNITED STATES

	Reporting Companies	Non-Reporting Companies	Total
	ACCESS LINES (000 Omitted)		
1985	23 430	900	24 330
1984	22 069	951	23 020
1983	21 077	1 254	22 331
1982	21 146	526	21 672
1981	20 561	868	21 429
1980	19 412	1 396	20 808
	OPERATING COMPANIES		
1985	653	749	1 402
1984	631	785	1 416
1983	678	751	1 429
1982	754	678	1 432
1981	768	691	1 459
1980	765	718	1 483
1979	755	733	1 488
1978	761	766	1 527
1977	757	799	1 556
1976	764	826	1 590
	EXCHANGES		
1985	9 439	2 022	11 461
1984	8 984	2 084	11 068
1983	9 095	1 975	11 070
1982	9 661	1 413	11 074
1981	9 629	1 457	11 086
1980	9 462	1 578	11 040
1979	9 399	1 651	11 050
1978	9 231	1 822	11 053
1977	9 241	1 804	11 045
1976	9 198	1 842	11 040

STATISTICAL SUMMARY OF THE INDEPENDENT TELEPHONE INDUSTRY IN THE UNITED STATES

	Reporting Companies	Non-Reporting Companies	Total
TOTAL INVESTMENT IN PLANT ($000 Omitted)			
1985	$47 369 304	1 700 000	$49 069 304
1984	43 989 911	1 860 089	45 850 000
1983	42 341 015	2 158 985	44 500 000
1982	40 548 413	951 587	41 500 000
1981	37 574 849	723 151	38 298 000
1980	34 099 864	1 200 136	35 300 000
1979	30 899 236	744 764	31 644 000
1978	26 830 699	957 301	27 788 000
1977	24 256 743	873 257	25 130 000
1976	$22 167 383	832 617	$23 000 000
TOTAL OPERATING REVENUES ($000 Omitted)			
1985	$16 684 256	560 744	$17 245 000
1984	15 403 343	596 657	16 000 000
1983	14 309 386	565 614	14 875 000
1982	13 445 249	434 751	13 880 000
1981	11 859 909	346 091	12 206 000
1980	10 176 779	298 221	10 475 000
1979	9 073 145	166 855	9 240 000
1978	7 806 836	278 164	8 085 000
1977	6 864 461	250 539	7 115 000
1976	$ 6 072 006	227 994	$ 6 300 000
AVERAGE DAILY CONVERSATIONS (000 Omitted)			
1985	218 010	8 000	226 010
1984	201 371	8 629	210 000
1983	199 195	10 005	209 200
1982	196 946	4 854	201 800
1981	197 331	3 769	201 100
1980	187 474	4 526	192 000
1979	179 554	3 446	183 000
1978	163 078	5 922	169 000
1977	153 670	5 630	159 300
1976	145 849	5 651	151 500

CHAIRMAN'S MESSAGE

In our last edition of Telephone Statistics, we said telephone service is your best bargain. Recent surveys of customer attitudes toward telephone service support our claim.

Our own random customer poll, conducted by Gallup, found that customers are generally satisfied. The quality of service compared to two years ago was rated the same or better by 84 percent of the respondents, and 65 percent said the cost of their local service is reasonable. That's good news for the industry.

More good news came from the Census Bureau recently. It indicated a slight upturn in the number of households receiving basic local phone service. As of November 1985, 91.9 percent of all households in the United States have a telephone; this is up from 91.8 percent reported for July 1985.

In spite of the tremendous changes we have undergone as a result of the partial deregulation of this industry and divestiture, nothing changes our primary goal of providing basic affordable local phone service to every household desiring it.

The good news for you is that you have a wider variety of services from which to choose, and if you take advantage of this opportunity, you'll benefit from the changes which have taken place.

James L. Johnson
USTA Chairman

VITAL FACTS ABOUT THE COMMUNICATIONS INDUSTRY

- Total companies now number 1,426 with 725,000 employees.
- Access Lines now in service number 118,275,000.
- Investment in plant and facilities is now $207.3 billion and total plant investment is the equivalent to $285,916 per employee. About $20,300,000,000 was spent in 1985 for upgrading service and facilities; and the estimated amount for 1986 will be about $21,781,358,000.

The Top 100

(Largest Companies Reporting to USTA, Including Holding Companies)

In Order of Access Lines As of January 1, 1986	Access Lines	Operating Revenues
1. Bell Atlantic Corp., *Philadelphia, Pennsylvania* §•	15,099,000	$ 8,657,100,000
2. Ameritech Corp., *Chicago, Illinois* §•	14,555,000	9,021,100,000**
3. BellSouth Corp., *Atlanta, Georgia* §•	14,532,000	10,663,900,000
4. NYNEX Corp., *New York, New York* §•	13,623,000	10,313,600,000
5. Pacific Telesis Group, *San Francisco, California* §•	11,692,400	8,211,189,000
6. US West, *Englewood, Colorado* §•	11,195,000	7,282,100,000
7. Southwestern Bell Corp., *St. Louis, Missouri* §•	10,880,000	7,117,300,000
8. GTE Corp., (U.S. Only), *Stamford, Connecticut* •	10,513,800	8,244,528,000
9. United Telephone System, Inc., *Kansas City, Missouri* •	3,256,800	2,244,456,000
10. Contel Corporation, (U.S. Only), *Atlanta, Georgia* •	2,207,400	1,615,205,000
11. Southern New England Telephone Co., *New Haven, Connecticut* §•	1,674,000	1,304,000,000
12. Centel Corp., *Chicago, Illinois* •	1,299,300	780,885,000
13. ALLTEL Corp., *Hudson, Ohio* •	905,200	520,114,000
14. Cincinnati Bell, *Cincinnati, Ohio* •	649,000	466,900,000
15. Puerto Rico Telephone Co., *San Juan, Puerto Rico*	593,500	405,911,000
16. Rochester Telephone Corp., *Rochester, New York* •	467,400	272,478,400
17. Century Telephone Enterprises, Inc., *Monroe, Louisiana* •	223,500	135,081,000
18. Pacific Telecom Inc., *Vancouver, Washington* *	220,900	168,806,000
19. Lincoln Telephone & Telegraph Co., *Lincoln, Nebraska* *	200,900	120,121,700
20. Telephone & Data Systems, Inc., *Chicago, Illinois* †	190,500	119,098,000**
21. C-TEC Corporation, *Dallas, Pennsylvania* *	158,200	81,107,000
22. Anchorage Telephone Utility, *Anchorage, Alaska*	115,500	102,929,100
23. Citizens Utilities Co., *Stamford, Connecticut*	83,200	106,777,600
24. North State Telephone Co., *High Point, North Carolina*	75,400	39,288,000
25. Illinois Consolidated Telephone Co., *Mattoon, Illinois*	73,600	54,000,000
26. Puerto Rico Communications Authority, *San Juan, Puerto Rico*	68,200	40,180,000
27. Concord Telephone Co., *Concord, North Carolina*	65,800	25,228,300
28. C P National Corporation, *Concord, California* •	57,700	76,481,000
29. Lufkin-Conroe Telephone Exchange Inc., *Lufkin, Texas*	57,000	40,985,000
30. Roseville Telephone Co., *Roseville, California*	54,000	40,819,000
31. North-West Telephone Co., *Tomah, Wisconsin* *	51,300	27,532,900
32. Universal Telephone Co., *Milwaukee, Wisconsin* *	42,900	20,123,000
33. Pioneer Telephone Co-op. Inc., *Kingfisher, Oklahoma*	38,700	24,324,700
34. Virgin Islands Telephone Corp., *St. Thomas, Virgin Islands*	36,600	38,755,000
35. North Pittsburgh Telephone Co., *Gibsonia, Pennsylvania*	35,300	26,513,000
36. Denver and Ephrata Tel. & Tel. Co., *Ephrata, Pennsylvania*	33,800	19,231,200
37. Conestoga Telephone Company, *Birdsboro, Pennsylvania*	32,600	15,726,300
38. Standard Telephone Co., *Cornelia, Georgia*	32,600	20,972,100
39. Horry Telephone Co-op. Inc., *Conway, South Carolina*	31,200	13,146,300
40. Mankato Citizens Telephone Co., *Mankato, Minnesota*	31,000	17,115,100
41. Farmers Telephone Co-op. Inc., *Kingstree, South Carolina*	30,770	16,463,000
42. Rock Hill Telephone Co., *Rock Hill, South Carolina*	27,000	20,388,000
43. Matanuska Telephone Assn., Inc., *Palmer, Alaska*	26,000	24,201,500
44. Chillicothe Telephone Co., *Chillicothe, Ohio*	24,500	16,157,400
45. Clifton Forge-Waynesboro Tel. Co., *Staunton, Virginia*	24,100	16,458,600
46. Sugar Land Telephone Co., *Sugar Land, Texas*	24,100	19,800,000
47. Fairbanks Municipal Utilities System, *Fairbanks, Alaska*	23,300	25,000,000
48. Hargray Telephone Company, Inc., *Hilton Head, South Carolina*	22,900	16,430,300
49. Telephone Electronics Corp., *Bay Springs, Mississippi*	22,700	11,882,700
50. Lexington Telephone Co., Inc., *Lexington, North Carolina*	21,000	11,831,700

§ Formerly wholly or partially owned by AT&T
• Company or parent company listed on N.Y. Stock Exchange
† American Stock Exchange
* Over-the-Counter market
** Revenues for Non-Regulated companies included

In Order of Access Lines As of January 1, 1986	Access Lines	Operating Revenues
51. Twin Lakes Telephone Co-op. Corp., *Gainesboro, Tennessee*	20,700	7,451,100
52. Heins Telephone Co., *Sanford, North Carolina*	20,600	9,712,400
53. Northern States Power Co., *Minot, North Dakota*	20,400	10,429,500
54. Ben Lomand Rural Telephone Co-op., *McMinnville, Tennessee*	19,900	8,359,200
55. Skyline Telephone Membership Corp., *West Jefferson, North Carolina*	19,800	7,100,000
56. Eastex Telephone Co-op. Inc., *Henderson, Texas*	19,800	11,576,800
57. Wood County Telephone Co., *Wisconsin Rapids, Wisconsin*	19,500	9,563,600
58. East Ascension Telephone Co., Inc., *Gonzales, Louisiana*	19,300	12,458,700
59. Smithville Telephone Co., Inc., *Ellettsville, Indiana*	19,300	8,123,400
60. Gulf Telephone Company, *Foley, Alabama*	18,500	12,903,700
61. St. Joseph Telephone & Telegraph Co., *Port St. Joe, Florida*	18,300	17,702,600
62. Grand River Mutual Telephone Corp., *Princeton, Missouri*	18,000	10,257,000
63. Taconic Telephone Corp., *Chatham, New York*	18,000	9,585,000
64. San Marcos Telephone Co., Inc., *San Marcos, Texas*	17,900	13,700,000
65. South Central Rural Tel. Co-op. Corp., *Glasgow, Kentucky*	17,700	8,318,100
66. Coastal Utilities Inc., *Hinesville, Georgia*	17,000	13,351,900
67. Yadkin Valley Telephone, *Yadkinville, North Carolina*	16,600	5,891,900
68. Fort Bend Telephone Co., *Rosenberg, Texas*	16,000	12,972,300
69. CC&S Systems Inc., *Jackson, Michigan*	15,900	5,964,100
70. Urban Telephone Corp., *Clintonville, Wisconsin*	15,900	6,126,000
71. Enterprise Telephone Co., *New Holland, Pennsylvania*	15,500	8,615,800
72. Brandenburg Telephone Co., *Brandenburg, Kentucky*	15,300	8,138,500
73. Highland Telephone Co-op. Inc., *Sunbright, Tennessee*	15,100	6,835,300
74. Ogden Telephone Co., *Spencerport, New York*	14,800	5,450,000
75. Millington Telephone Co. Inc., *Millington, Tennessee*	14,800	7,496,200
76. Atlantic Telephone Membership Corp., *Shallotte, North Carolina*	14,800	4,850,100
77. Lancaster Telephone Co., *Lancaster, South Carolina*	14,700	8,879,900
78. Buffalo Valley Telephone Co., *Lewisburg, Pennsylvania*	14,700	6,911,300
79. Missouri Telephone Co., *Columbia, Missouri*	14,600	6,701,797
80. Warwick Valley Telephone Co., *Warwick, New York*	14,200	8,358,900
81. Shenandoah Telephone Co., *Edinburg, Virginia*	13,900	8,146,300
82. Kerrville Telephone Co., *Kerrville, Texas*	13,700	9,353,300
83. Craw-Kan Telephone Co-op. Assn. Inc., *Girard, Kansas*	13,300	7,388,600
84. Mid Plains Telephone Inc., *Middleton, Wisconsin*	13,300	6,777,300
85. Guadalupe Valley Telephone Co-op., *New Braunfels, Texas*	13,200	9,515,900
86. Rhinelander Telephone Co., *Rhinelander, Wisconsin*	13,100	6,434,500
87. Garden Valley Telephone Co., *Erskine, Minnesota*	13,000	6,378,500
88. Harrisonville Telephone Co., *Waterloo, Illinois*	12,900	7,362,100
89. Woodbury Telephone Co., *Woodbury, Connecticut*	12,800	8,082,500
90. Ellensburg Telephone Co., Inc., *Ellensburg, Washington*	12,700	8,747,000
91. Farmers Telephone Co-op. Inc., *Rainsville, Alabama*	12,500	5,929,900
92. North Central Telephone Co-op., *Lafayette, Tennessee*	12,500	4,980,000
93. West Kentucky Rural Tel. Co-op. Corp., *Mayfield, Kentucky*	12,400	5,124,000
94. East Ottertail Telephone Co., *Perham, Minnesota*	12,300	5,068,000
95. Souris River Tel. Mutual Aid Co-op., *Minot, North Dakota*	11,700	7,388,700
96. Citizens Telephone Co., *Brevard, North Carolina*	11,600	6,499,400
97. United Telequipment Corp., *Monroe, Wisconsin*	11,500	7,380,000
98. Statesboro Telephone Co., *Statesboro, Georgia*	11,400	6,711,600
99. Ace Telephone Assn., *Houston, Minnesota*	11,200	5,014,600
100. Home Telephone Co., Inc., *Moncks Corner, South Carolina*	11,200	6,962,000

§ Formerly wholly or partially owned by AT&T
● Company or parent listed on NY Stock Exchange
† American Stock Exchange
• Over-the-Counter market
•• Revenues for Non-Regulated companies included

CONSTRUCTION EXPENDITURES

($000 Omitted)

1985	$20,300,000
1984	17,913,000
1983	17,539,000
1982	20,569,000
1981	22,020,000
1980	21,223,000
1979	19,685,000
1978	16,925,000
1977	14,227,000
1976	12,187,000
1975	11,467,000
1974	12,327,000

ACCESS LINES BY STATE

December 31, 1985

State	Companies	Access Lines
Alabama	30	1,509,000
Alaska	24	245,700
Arizona	6	1,518,120
Arkansas	29	900,300
California	22	14,242,800
Colorado	26	2,018,500
Connecticut	2	1,993,100
District of Columbia	1	785,100
Delaware	1	337,500
Florida	13	5,913,325
Georgia	29	3,096,000
Hawaii	1	479,000
Idaho	12	432,600
Illinois	56	6,029,895
Indiana	46	2,341,800
Iowa	154	1,296,600
Kansas	39	1,295,150
Kentucky	16	1,423,600
Louisiana	21	1,896,700
Maine	19	524,700
Maryland	2	2,352,600
Massachusetts	3	3,037,225
Michigan	43	4,427,300
Minnesota	90	2,115,500
Mississippi	21	911,900
Missouri	40	2,373,000
Montana	17	378,700
Nebraska	43	780,400
Nevada	11	493,800
New Hampshire	10	499,840
New Jersey	7	4,342,200
New Mexico	10	620,000
New York	41	9,715,500
North Carolina	25	2,724,870
North Dakota	22	335,600
Ohio	44	4,840,350
Oklahoma	33	1,556,800
Oregon	32	1,244,000
Pennsylvania	48	6,019,225
Rhode Island	1	480,000
South Carolina	27	1,305,200
South Dakota	30	315,000
Tennessee	26	2,103,300
Texas	66	7,737,100
Utah	14	660,000
Vermont	8	295,300
Virginia	20	2,747,900
Washington	23	2,341,000
West Virginia	10	750,500
Wisconsin	99	2,254,000
Wyoming	13	237,400
Total	**1,426**	**118,275,000**

GENERAL COMPOSITE SUMMARY OF REPORTING COMPANIES

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Number of Reporting Companies	677	24	653	655
Number of Exchanges	16 832	7 393	9 439	16 298
Number of Access Lines	117 374 248	93 944 709	23 429 539	113 555 912
Telephone Plant in Service**	$199 977 927	154 476 921	45 501 006	$186 151 202
Depreciation Reserve**	$ 52 872 076	38 561 738	14 310 338	$ 45 748 072
Funded Debt — Bonds**	15 495 805	6 980 663	8 515 142	13 916 899
Funded Debt — Other**	35 461 437	31 025 768	4 435 669	36 308 346
Preferred Stock**	972 054	276 490	695 564	1 261 351
Common Stock**	47 002 699	40 012 171	6 990 528	45 593 826
Retained Earnings**	19 507 350	12 557 942	6 949 408	17 547 258
Current Maturity on Long Term Debt and Short Term Notes**	4 112 053	3 088 403	1 023 650	3 339 046
Total Capitalization**	$122 551 398	93 941 437	28 609 961	$117 966 726

** (000 Omitted)

FINANCING BY REPORTING COMPANIES

($000 Omitted)

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Long Term Debt—Bonds	$ 775 593	175 000	600 593	$ 94 623
Debentures	2 476 015	2 471 015	5 000	410 040
Notes (Over 12 months)	254 551	50 000	204 551	263 230
Total	3 506 159	2 696 015	810 144	767 893
Preferred Stock	—	—	—	1 690
Common Stock	506 958	421 886	85 072	296 357
Total	506 958	421 886	85 072	298 047
Total Financing	4 013 117	3 117 901	895 216	1 065 940
Sold Publicly—Bonds	732 000	175 000	557 000	46 500
Debentures and Notes (Over 12 months)	2 472 842	2 468 842	4 000	400 000
Preferred Stock	—	—	—	—
Common Stock	383 902	353 400	30 502	37 318
Total	3 588 744	2 997 242	591 502	483 818
Sold Privately—Bonds	43 593	—	43 593	48 123
Debentures and Notes (Over 12 months)	257 724	52 173	205 551	273 270
Preferred Stock	—	—	—	1 690
Common Stock	123 056	68 486	54 570	259 039
Total	$ 424 373	120 659	303 714	$ 582 122

COMPOSITE BALANCE SHEET OF REPORTING COMPANIES

($000 Omitted)

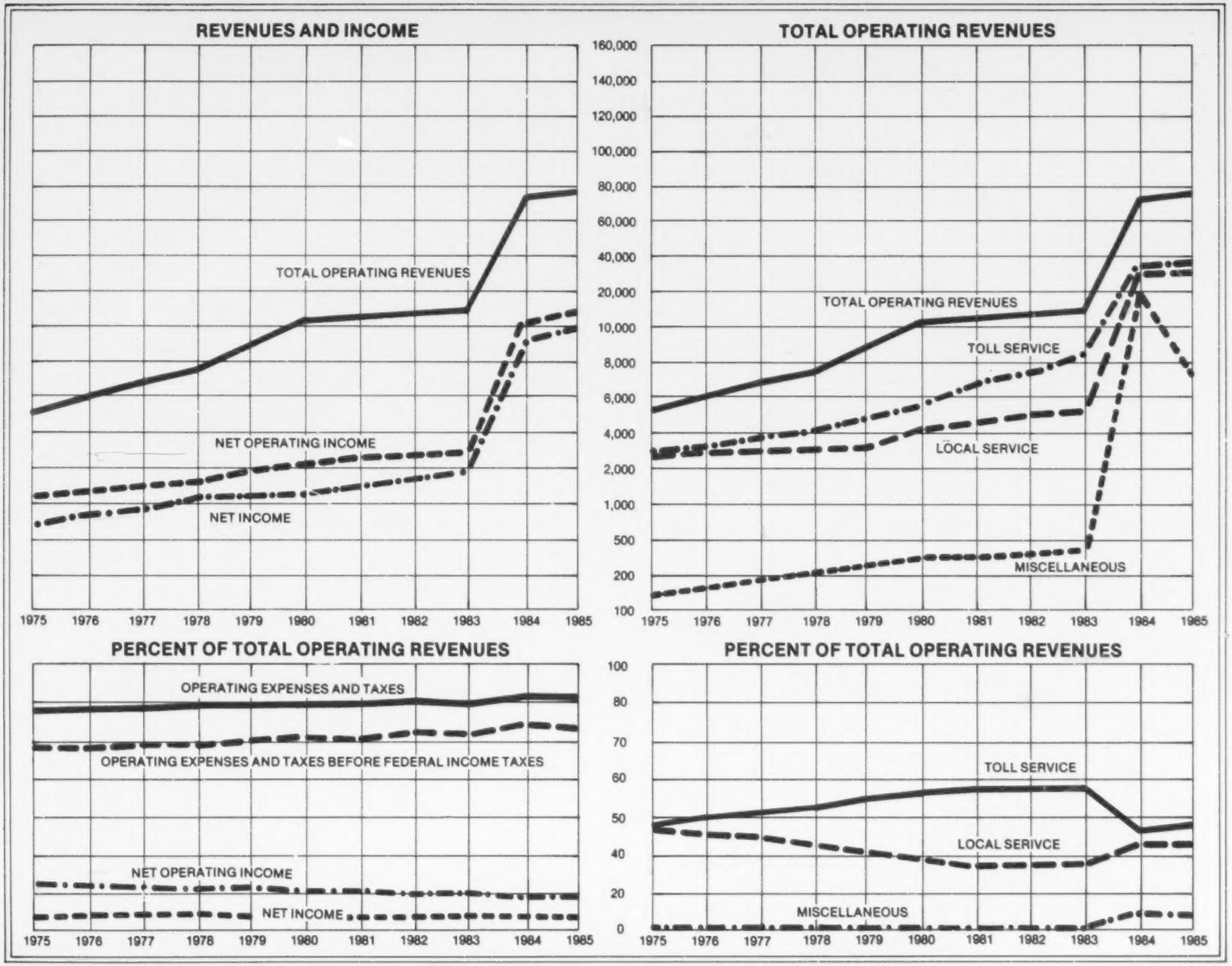
ASSETS	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Investments				
Telephone Plant (see page 20)	$205 588 947	158 219 643	47 369 304	$191 919 316
Less: Depreciation and Amort. Reserves	52 872 076	38 561 738	14 310 338	45 748 072
	152 716 871	119 657 905	33 058 966	146 171 244
Investments and Funds	1 660 357	712 086	948 271	816 345
Investments in Non-Regulated Activities	393 233	131 975	261 258	656 292*
Total Investments	154 770 461	120 501 966	34 268 495	147 643 881
Current Assets				
Cash (Including Cash Funds)	2 226 991	1 030 864	1 196 127	2 022 098
Accounts Receivable (Less Reserve)	13 689 488	11 283 393	2 406 095	12 771 938
Materials and Supplies	1 561 169	1 072 631	488 538	1 571 297
All Other	1 867 607	1 740 557	127 050	1 848 162
Total Current Assets	19 345 255	15 127 445	4 217 810	18 213 495
Prepaid Accounts and Deferred Charges	2 621 527	2 187 501	434 026	2 166 608
TOTAL ASSETS	$176 737 243	137 816 912	38 920 331	$168 023 984
Ratio Current Assets to Current and Accrued Liabilities	87.6%	87.1	89.1	88.9%
Materials and Supplies per Access Line	$13.30	11.42	20.85	$13.83

* Advances to Affiliated Companies

COMPOSITE BALANCE SHEET OF REPORTING COMPANIES

($000 Omitted)

LIABILITIES	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Capital Stock and Surplus				
Preferred Stock	$ 972 054	276 490	695 564	$ 1 261 351
Common Stock	40 583 991	34 970 413	5 613 578	39 787 499
Other Capital (Including Premium on Capital Stock)	6 427 289	5 041 758	1 385 531	5 812 555
Retained Earnings (Unappropriated and reserved)	19 507 350	12 557 942	6 949 408	17 547 258
Total	67 490 684	52 846 603	14 644 081	64 408 663
Less: Capital Stock Discount and Expense	8 581	—	8 581	6 228
Total	67 482 103	52 846 603	16 635 500	64 402 435
Long Term Debt				
Bonds	15 495 805	6 980 663	8 515 142	13 916 899
Debentures, Long Term Notes (Over 12 months)	34 718 842	30 722 495	3 996 347	35 823 790
Other Long Term Debt	742 595	303 273	439 322	484 556
Total	50 957 242	38 006 431	12 950 811	50 225 245
Current and Accrued Liabilities				
Current Maturity on Long Term Debt	797 176	397 670	399 506	589 921
Bank Loans and other Short Term Notes	3 314 877	2 690 733	624 144	2 749 125
Accounts Payable	10 819 633	8 813 858	2 005 775	10 406 478
Accrued Taxes	2 172 941	1 671 220	501 721	2 201 662
Other Liabilities	4 985 204	3 785 390	1 199 814	4 548 065
Total	22 089 831	17 358 871	4 730 960	20 495 251
Unamortized Investment Credits	9 003 365	7 076 394	1 926 971	8 720 595
Accumulated Deferred Income Taxes—Accelerated Tax Depr.	24 202 631	19 917 481	4 285 150	22 508 634
Other Types of Deferred Income Taxes	1 401 731	1 286 898	114 833	483 378
Deferred Credits and Operating Reserves	1 600 340	1 324 234	276 106	1 188 446
TOTAL CAPITALIZATION AND LIABILITIES	$176 737 243	137 816 912	38 920 331	$168 023 984


REVENUES AND INCOME
TOTAL OPERATING REVENUES
NET OPERATING INCOME
NET INCOME
1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985
TOTAL OPERATING REVENUES
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
10,000
8,000
6,000
4,000
2,000
1,000
500
200
100
TOTAL OPERATING REVENUES
TOLL SERVICE
LOCAL SERVICE
MISCELLANEOUS
1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985
PERCENT OF TOTAL OPERATING REVENUES
OPERATING EXPENSES AND TAXES
OPERATING EXPENSES AND TAXES BEFORE FEDERAL INCOME TAXES
NET OPERATING INCOME
NET INCOME
1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985
PERCENT OF TOTAL OPERATING REVENUES
100
80
70
60
50
40
20
0
TOLL SERVICE
LOCAL SERIVCE
MISCELLANEOUS
1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985

COMPOSITE INCOME STATEMENT OF REPORTING COMPANIES

Including Percentage Relationships to Total Operating Revenue

($000 Omitted)

	1985 Bell and Indept.	%	1985 Bell Only	%	1985 Indept. Only	%	1984 Bell and Indept.	%
Total Operating Revenues								
Local Service	$33 785 940	43.39	27 796 825	45.43	5 989 115	35.90	$31 890 200	43.52
Network Access	24 956 750	32.05	19 129 868	31.27	5 826 882	34.92	22 057 466	30.10
Toll Service	12 097 719	15.54	9 026 405	14.75	3 071 314	18.41	12 300 592	16.79
Miscellaneous	7 535 713	9.67	5 652 608	9.24	1 883 105	11.29	7 521 535	10.27
Less: Uncollectibles	511 899	.65	425 739	.69	86 160	.52	498 884	.68
Total	77 864 223	100.00	61 179 967	100.00	16 684 256	100.00	73 270 909	100.00
Operating Expenses and Taxes								
Maintenance	15 533 398	19.95	12 321 467	20.14	3 211 931	19.25	15 159 736	20.69
Depreciation	13 513 621	17.36	10 221 437	16.71	3 292 184	19.73	11 801 343	16.10
Traffic	2 806 321	3.60	2 192 344	3.58	613 977	3.68	2 828 434	3.86
Commercial	5 915 165	7.60	4 814 020	7.87	1 101 145	6.60	5 751 892	7.85
General Office Salaries and Exp	5 588 273	7.18	4 336 212	7.09	1 252 061	7.50	5 192 705	7.09
Other Operating Expenses	7 486 968	9.62	6 213 048	10.16	1 273 920	7.64	7 067 892	9.65
Taxes Other Than Federal Income	6 254 624	8.03	5 114 254	8.36	1 140 370	6.84	6 175 372	8.43
Federal Income Taxes	6 578 440	8.45	5 140 798	8.40	1 437 642	8.62	5 811 058	7.93
Total	63 678 810	81.78	50 353 580	82.30	13 323 230	79.86	59 788 432	81.60
Net Operating Income	14 187 413	18.22	10 826 387	17.70	3 361 026	20.14	13 482 477	18.40
Other Income (Non-operating)	828 776	1.06	585 547	.96	243 229	1.46	652 115	.89
Income Available for Fixed Charges	15 016 189	19.28	11 411 934	18.65	3 604 255	21.60	14 134 592	19.29
Interest and Other Deductions								
Interest on Funded Debt	4 442 709	5.71	3 348 143	5.47	1 094 566	6.56	4 449 947	6.07
Interest—Other	452 085	.58	384 586	.63	67 499	.40	373 134	.51
Amort. of Debt Discount Premium and Net Expenses & Other Fixed Charges	38 796	.05	27 855	.05	10 941	.07	28 373	.04
Total	4 933 590	6.34	3 760 584	6.15	1 173 006	7.03	4 851 454	6.62
Net Income before Extra & Delayed Items	10 082 599	12.95	7 651 350	12.51	2 431 249	14.57	9 283 138	12.67
Extra and Delayed Items—Net	19 799	.03	22 550	.04	2 751	.02	30 332	.04
Net Income	10 062 800	12.92	7 628 800	12.47	2 434 000	14.59	9 313 470	12.71
Dividends								
Preferred	95 223	.12	34 815	.06	60 408	.36	107 638	.15
Common	8 158 112	10.47	6 615 401	10.81	1 542 711	9.25	7 193 918	9.82
Total	$ 8 253 335	10.59	6 650 216	10.87	1 603 119	9.61	$ 7 301 556	9.97
Net Operating Income—in % Earned on Depreciated Plant in Service**	9.9		9.5		11.0		9.4	
Income Available for Fixed Charges—in % Earned on Total Capitalization**	12.4		12.3		12.9		11.9	

**Average

OPERATING REVENUE ACCOUNTS OF REPORTING COMPANIES

($000 Omitted)

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
LOCAL SERVICE REVENUES				
Subscribers' Station	$30 470 455	24 806 101	5 664 354	$29 016 230
Public Telephone	1 542 725	1 414 272	128 453	1 299 722
Local Private Line Service	1 027 720	951 768	75 952	941 715
Other Local Service	745 040	624 684	120 356	632 533
Total Local Service Revenues	33 785 940	27 796 825	5 989 115	31 890 200
NETWORK ACCESS REVENUES				
Interstate	16 775 680	13 572 141	3 203 539	15 223 877
Intrastate	6 493 245	4 348 541	2 144 704	5 922 141
All Other Type	1 687 825	1 209 186	478 639	911 448
Total Network Access Revenues	24 956 750	19 129 868	5 826 882	22 057 466
TOLL SERVICE REVENUES				
Message Tolls	8 987 236	6 271 469	2 715 767	9 079 220
Wide Area	1 706 141	1 598 079	108 062	1 479 179
Toll Private Line Services	1 262 904	1 063 551	199 353	1 297 165
Other Toll Service	141 438	93 306	48 132	445 028
Total Toll Service Revenues	12 097 719	9 026 405	3 071 314	12 300 592
MISCELLANEOUS REVENUES				
Directory Advertising and Sales	2 760 866	2 061 063	699 803	3 241 542
Rent and Lease of 1x Facilities	1 587 853	895 249	692 604	1 579 211
General Services and Licenses and Other	3 186 994	2 696 296	490 698	2 700 782
Total Miscellaneous Revenues	7 535 713	5 652 608	1 883 105	7 521 535
UNCOLLECTIBLE REVENUES				
Uncollectible—Debit	511 899	425 739	86 160	498 884
TOTAL OPERATING REVENUES	$77 864 223	61 179 967	16 684 256	$73 270 909

DETAILS OF OPERATING TAXES OF REPORTING COMPANIES

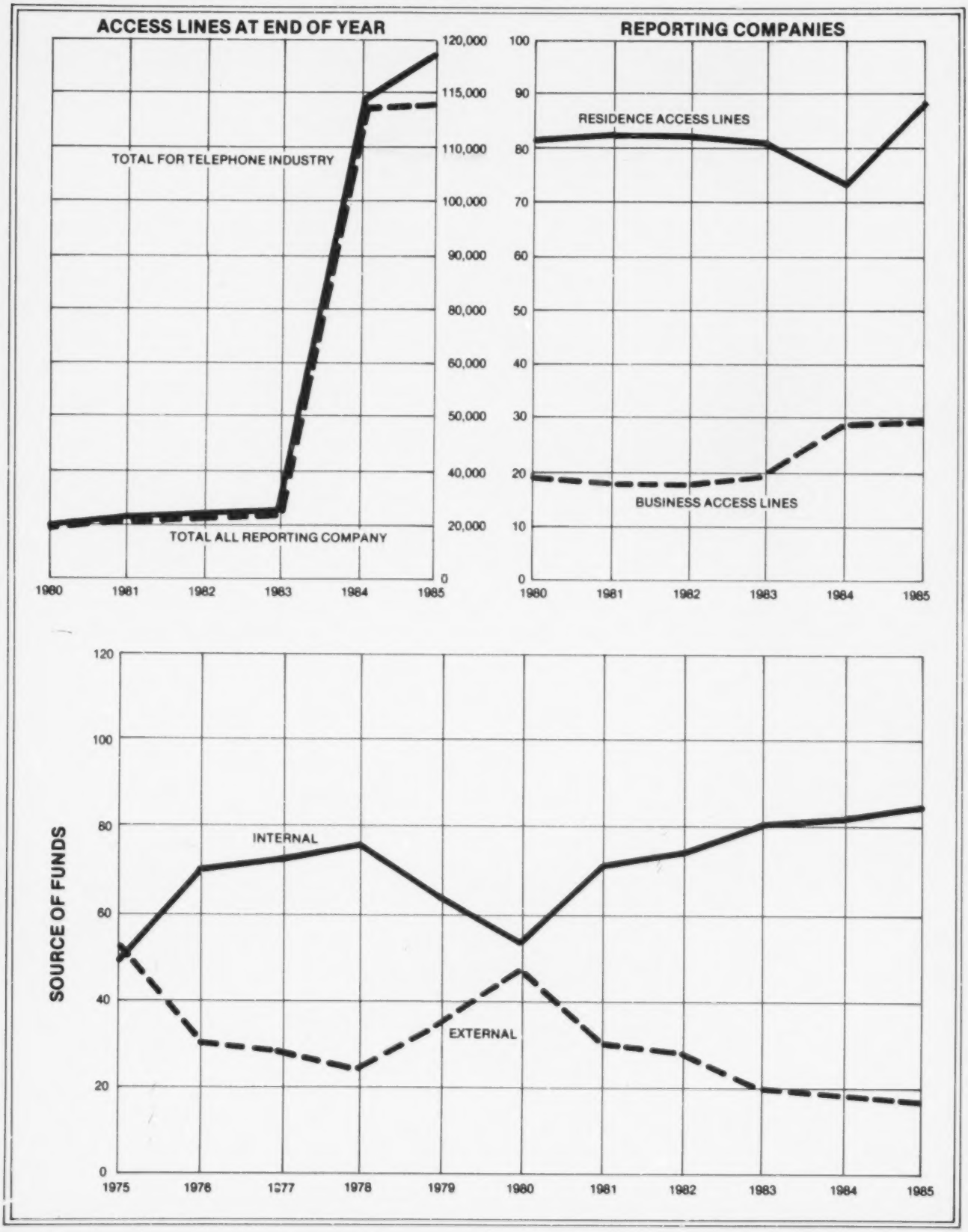
($000 Omitted)

	1985 Bell and Indept.		1985 Bell Only		1985 Indept. Only		1984 Bell and Indept.	
	Amount	%	**Amount**	%	**Amount**	%	**Amount**	%
Federal Income Taxes	$ 6 578 440	50.72	5 140 798	49.74	1 437 642	54.58	$ 5 811 057	47.88
State Income Taxes	822 652	6.34	628 763	6.08	193 889	7.36	680 572	5.61
Property Taxes	2 290 842	17.67	1 891 468	18.31	399 374	15.16	2 207 379	18.19
Gross Receipts Taxes	1 436 351	11.07	1 230 341	11.91	206 010	7.82	1 610 660	13.27
Total Employers Payroll Taxes	1 570 910	12.11	1 228 886	11.89	342 024	12.98	1 571 448	12.95
Other Miscellaneous Taxes	270 462	2.09	214 228	2.07	56 234	2.14	254 660	2.10
Total	$12 969 657	100.00	10 334 484	100.00	2 635 173	100.00	$12 135 776	100.00
Federal Income Taxes—Current	3 261 061		2 428 079		832 982		2 713 444	
Deferred Federal Income Tax	2 616 335		2 142 572		473 763		2 508 830	
Investment Credit (Net)	701 044		570 147		130 897		588 783	
Federal Income Taxes after Deductions	$6 578 440		5 140 798		1 437 642		$5 811 057	

COMPOSITE TELEPHONE PLANT OF REPORTING COMPANIES

($000 Omitted)

	1985 Bell and Indept.		1985 Bell Only		1985 Indept. Only		1984 Bell and Indept.	
	Amount	%	Amount	%	Amount	%	Amount	%
Organization	$ 3 691	—	—	—	3 691	.01	$ 3 607	—
Franchises	2 838	—	1 551	—	1 287	—	2 346	—
Patent Rights	79	—	74	—	5	—	3 600	—
Land	1 072 236	.54	841 360	.54	230 876	.51	1 079 009	.58
Buildings	15 635 515	7.82	12 861 679	8.33	2 773 836	6.10	14 871 387	7.99
Central Office Equipment	70 798 279	35.41	54 134 335	35.05	16 653 944	36.60	64 312 754	34.55
Station Apparatus	2 474 103	1.24	514 353	.33	1 959 750	4.31	2 968 220	1.59
Station Connections	15 191 441	7.60	12 152 474	7.87	3 038 967	6.68	15 137 884	8.13
Large Private Branch Exchanges	2 864 440	1.43	2 141 405	1.39	723 035	1.59	2 814 354	1.51
Pole Lines	4 107 801	2.05	2 964 793	1.92	1 143 008	2.51	3 969 932	2.13
Aerial Cable	20 804 950	10.40	15 760 123	10.20	5 044 827	11.09	19 480 980	10.47
Underground Cable	15 837 341	7.92	13 581 703	8.79	2 255 638	4.96	14 829 660	7.97
Buried Cable	28 111 322	14.06	19 847 130	12.85	8 264 192	18.16	25 226 323	13.55
Submarine Cable	141 918	.07	87 344	.06	54 574	.12	148 810	.08
Aerial Wire	429 296	.21	249 332	.16	179 964	.40	437 239	.24
Underground Conduit	10 485 694	5.24	9 205 842	5.96	1 279 852	2.81	9 978 461	5.36
Furniture and Office Equipment	8 322 748	4.16	7 474 962	4.84	847 786	1.86	7 368 542	3.96
Vehicles and Other Work Equipment	3 680 419	1.84	2 647 450	1.71	1 032 969	2.27	3 460 052	1.86
Telephone Plant Acquired	13 770	.01	1 186	—	12 584	.03	58 005	.03
Telephone Plant Sold	46	—	(175)	—	221	—	37	—
Total Telephone Plant in Service	$199 977 927	100.00	154 476 921	100.00	45 501 006	100.00	$186 151 202	100.00
Telephone Plant Under Construction	5 509 213		3 731 295		1 777 918		5 636 182	
Property Held for Future Telephone Use	17 693		8 414		9 279		57 436	
Telephone Plant Acquisition Adjustment	82 829		3 013		79 816		69 376	
Telephone Plant Adjustment	1 305		—		1 305		5 455	
Less: Contributions to Plant (Credit)	20		—		20		335	
Total Telephone Plant	$205 588 947		158 219 643		47 369 304		$191 919 316	
Total Plant in Service per Access Line	$ 1 704		1 644		1 941		$ 1 639	
Gross Additions to Plant	20 208 055		15 344 417		4 863 638		17 774 072	
Less: Retirements of Plant	7 941 560		5 315 017		2 626 543		6 310 340	
Net Additions to Plant	$ 12 266 495		10 029 400		2 237 095		$ 11 463 732	


ACCESS LINES AT END OF YEAR
TOTAL FOR TELEPHONE INDUSTRY
TOTAL ALL REPORTING COMPANY
120,000
115,000
110,000
100,000
90,000
80,000
60,000
50,000
40,000
20,000
0
1980
1981
1982
1983
1984
1985
REPORTING COMPANIES
RESIDENCE ACCESS LINES
BUSINESS ACCESS LINES
100
90
80
70
60
50
40
30
20
10
0
SOURCE OF FUNDS
INTERNAL
EXTERNAL
120
100
80
60
40
20
0
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985

COMPOSITE PLANT, ACCESS LINES AND CALLING STATISTICS OF REPORTING COMPANIES

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Company Owned Access Lines				
Business — One party	19 872 005	16 400 405	3 471 600	19 906 769
Business — Two or more parties	369 967	327 112	42 855	188 820
PBX Trunk including Centrex	7 649 581	6 862 021	787 560	8 985 850
Residence — One party	83 113 174	66 150 554	16 962 620	78 648 062
Residence — Two or more parties	4 591 138	2 711 785	1 879 353	3 924 997
Public Telephones	1 714 055	1 451 552	262 503	1 803 501
Public Mobile	64 789	41 280	23 509	65 278
Total	117 374 709	93 944 709	23 430 000	113 523 277
Touch Tone Access Line	63 758 154	54 931 515	8 826 639	62 053 124
Average Co-owned Access Lines in Service During the Year	115 463 932	92 714 475	22 749 457	111 732 630

AVERAGE DAILY CALLS AND TOLL MESSAGES

Local Calls	1 161 352 890	958 214 890	203 138 000	1 103 785 614
Toll Messages	102 183 979	81 869 979	20 314 000	86 805 839
Local Calls per Average Access Line	9.89	10.20	8.67	9.88
Toll Messages per Average Access Line	.871	.871	.867	.777

REPORTING COMPANIES CENTRAL OFFICES BY NUMBER OF LINES

1985 — Bell and Indept.

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	2 023	2 809	3 421	4 694	1 710	5 439	20 096

1985 — Bell Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	896	691	1 047	1 897	941	4 205	9 677

1985 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	1 124	2 118	2 374	2 797	769	1 234	10 419

1984 — Bell and Independent

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	1 073	2 533	3 274	4 823	1 784	7 194	20 681

1984 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	820	1 946	2 191	2 668	758	1 205	9 588

1983 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	868	2 079	2 330	2 662	749	1 150	9 848

1982 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	1 094	2 459	2 248	2 700	694	1 134	10 329

1981 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	1 159	2 363	2 396	2 595	680	1 063	10 256

1980 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	1 197	2 416	2 367	2 500	625	991	10 096

1979 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	1 343	2 445	2 231	2 460	646	927	10 052

1978 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	1 454	2 514	2 236	2 197	571	806	9 778

1977 — Independent Only

Number of Lines	1-200	201-500	501-1 000	1 001-3 000	3 001-5 000	Over 5 000	Total
Central Offices	1 591	2 558	2 155	2 135	546	769	9 754

CENTRAL OFFICES BY TYPE

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Step by Step	8 979	3 664	5 315	9 323
Cross Bar	2 546	1 771	775	3 077
Analog	3 825	3 199	626	4 766
Digital	4 240	957	3 294	2 564
Other	506	86	409	951
Total	20 096	9 677	10 419	20 681

COMPOSITE FINANCIAL SHEET OF REPORTING COMPANIES

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Percent of Total Capitalization				
Bonds	12.6	7.4	29.8	11.8
Debentures and Notes (Over 12 months)	28.9	33.0	15.5	30.8
Preferred Stock	.8	.3	2.4	1.1
Common Stock	38.4	42.6	24.4	38.6
Retained Earnings	15.9	13.4	24.3	14.9
Current Maturity (LTD) and Short Term Notes	3.4	3.3	3.6	2.8
Total	100.0	100.0	100.0	100.0
Bonds				
% of Depreciated Plant in Service	28.69%	24.41	33.52	30.18%
Preferred Stock				
Average Dividend Rate	8.45%	8.53	8.40	8.30%
Times Dividend Earned (After fixed charges)	30.48	31.26	30.04	24.79
Net Book Assets per $100	$1 953.90	2 861.65	1 593.07	$1 416.80
Common Stock Equity				
Average Earnings per $100	$ 15.34	14.76	17.64	$ 14.38
Average Dividend Paid per $100	$ 12.56	12.85	11.46	$ 11.23
Percentage of Earnings Paid Out in Dividends	81.9%	87.1	65.0	78.1%
Book Value per $100 of Par or Stated Value	$142.00	131.00	199.00	$138.00
% Return on Average Capitalization and Retained Earnings	11.8%	11.7	12.0	11.3%

EMPLOYEES OF REPORTING COMPANIES

	Number of Employees (Thousands)	Total Payroll (Thousands)	Average Annual Payroll Per Employee	Average No. Access Lines Per Employee	Average Dollars of Investment Per Employee
1985 (Bell and Indept.)	725	$21 442 947	$29 576	162	$275 832
1985 (Bell Only)	525	16 885 433	32 163	179	294 241
1985 (Indept. Only)	200	4 557 514	22 788	117	227 505
1984 (Bell and Indept.)	724	22 111 599	30 538	157	257 094
1984 (Bell Only)	557	17 682 944	31 773	164	258 845
1984 (Indept. Only)	168	4 428 655	26 437	132	251 277
1983 (Indept. Only)	175	4 222 738	24 124	120	231 164
1982 (Indept. Only)	186	4 062 627	21 858	114	208 706
1981 (Indept. Only)	192	3 774 964	19 647	107	187 284
1980 (Indept. Only)	189	3 373 414	17 666	103	171 992
1979 (Indept. Only)	187	3 015 101	16 125	99	157 119
1978 (Indept. Only)	172	2 578 716	14 984	—	148 983
1977 (Indept. Only)	160	2 218 474	13 827	—	144 871
1976 (Indept. Only)	154	$ 1 949 111	$12 616	—	$138 019

PLANT, REVENUES, EXPENSES AND NET OPERATING INCOME PER ACCESS LINE FOR REPORTING COMPANIES*

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Plant				
Telephone Plant in Service	$1 704	1 644	1 942	$1 639
Depreciation Reserve	450	410	611	403
Telephone Plant in Service Less Reserve	$1 254	1 234	1 331	$1 236
Ratio—Depreciation Reserve to Plant in Service	26.4	25.0	31.5	24.6
Total Operating Revenues				
Local Service	$ 292.11	299.81	263.27	$ 285.42
Network Access	215.77	206.33	256.14	197.41
Toll Service	104.60	97.36	135.01	110.09
Miscellaneous	65.15	60.97	82.78	67.32
Uncollectibles	4.43	4.59	3.79	4.46
Total	$ 673.20	659.88	733.41	$ 655.78
Operating Expenses and Taxes				
Maintenance	$ 134.30	132.90	141.19	$ 135.68
Depreciation	116.84	110.25	144.72	105.62
Traffic	24.26	23.65	26.99	25.31
Commercial	51.14	51.92	48.40	51.48
General Office Salaries and Expenses	48.32	46.77	55.04	46.47
Other	64.73	67.01	56.00	63.26
Taxes other than Federal Income Taxes	54.08	55.16	50.13	55.27
Federal Income Taxes	56.88	55.45	63.20	52.01
Total	$ 550.54	543.11	585.66	$ 535.10
Net Operating Income	$ 122.66	116.77	147.75	$ 120.68
Other Income (Non-operating)	7.17	6.32	10.69	5.84
Income Available for Fixed Charges	$ 129.83	123.09	158.44	$ 126.52
Interest on Other Deductions				
Interest on Funded Debt	$ 38.41	36.11	48.11	$ 39.83
Interest—Others	3.91	4.15	2.97	3.35
Amort. Debt Discount Premium & Exp. (Net) and Other Fixed Charges	.34	.30	.48	.25
Total	$ 42.66	40.56	51.56	$ 43.43
Net Income before Extra & Delayed Items	87.17	82.53	106.88	83.09
Extra and Delayed Items—Net	.17	.24	.12	.27
Net Income	$ 87.34	82.77	107.00	$ 83.36
Dividends				
Preferred	.82	.38	2.66	.96
Common	70.53	71.79	67.81	64.39
Total	$ 71.35	72.17	70.47	$ 65.35

*Profit and loss items are based on average access lines.

SELECTED OPERATING RATIOS OF REPORTING COMPANIES

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Total Operating Revenues per $1 of Plant in Service (1)	.402	.410	.378	.392
Total Operating Revenues per $1 of Depreciated Plant in Service (1)	.541	.539	.548	.512
Operating Ratio (2)	73.3	73.9	71.2	73.7
Operating Expenses and Taxes (Excluding Federal Income Taxes) per $1 of Plant in Service (1)	.295	.303	.269	.289
Net Operating Income per $1 of Plant (1)	.073	.073	.076	.072
Net Operating Income per $1 of Depr. Plant (1)	.098	.095	.110	.094
Maintenance—% of Plant in Service (1)	8.03	8.25	7.27	8.11
Maintenance—% of Total Operating Revenues	19.9	20.1	19.3	20.7
Depreciation—% of Plant in Service (1)	6.98	6.85	7.45	6.32
Depreciation and Maintenance—% of Total Operating Revenues	37.3	36.8	39.0	36.8
Commercial, General Office Salaries and Expenses, and Other Expenses (*)				
Per Average Access Line	164.19	165.71	159.41	161.21
% of Total Operating Revenues	24.4	25.1	21.7	24.6
% of Operating Expenses Excluding all Taxes and Depreciation	50.9	51.4	48.7	50.0

(1) Average Plant in Service
(2) Ratio of Operating Expenses before Federal Income Taxes to Total Operating Revenues
(*) Because of a variance of accounting distribution methods these three items have been considered together

COMPARISON OF REPORTING COMPANIES BY GROUP CLASSIFICATION

Effective January 1, 1952, the Federal Communications Commission changed the classification of telephone companies as follows:

Class A. Companies having annual operating revenues exceeding $250,000.

Class B. Companies having annual operating revenues exceeding $100,000 but not more than $250,000.

REPORTING COMPANIES AND ACCESS LINES BY GROUPS

		Companies	Access Lines
1985	Bell Co's	24	93 944 709
	Class A	634	23 422 033
	Class B	19	7 507
	Total	677	117 374 249
1984	Bell Co's	24	91 486 998
	Class A	611	22 058 785
	Class B	20	10 129
	Total	655	113 555 912
1983	Class A	656	21 065 984
	Class B	22	10 685
	Total	678	21 076 649
1982	Class A	715	21 129 171
	Class B	39	16 414
	Total	754	21 145 585
1981	Class A	720	20 534 852
	Class B	48	26 084
	Total	768	20 560 936
1980	Class A	700	19 411 939
	Class B	65	37 257
	Total	765	19 449 196

COMPARISON OF REPORTING COMPANIES BY GROUP CLASSIFICATION

CAPITALIZATION
($000 Omitted)

	1985 Bell and Indept.	1985 Bell Only	1985 Indept. Only	1984 Bell and Indept.
Class A Companies				
Total Capitalization	$122 542 711	93 941 437	28 601 274	$117 966 725
% Funded Debt Bonds	12.6	7.4	29.8	11.8
% Other Long Term Debt	29.0	33.0	15.5	30.8
% Preferred Stock	.8	.3	2.4	1.1
% Common Stock	38.4	42.6	24.4	38.6
% Current Maturity (LTD) Short Term Notes	3.4	3.3	3.6	2.8
% Retained Earnings	15.9	13.4	24.3	14.9
Class B Companies				
Total Capitalization	—	—	$ 8 687	$ 11 797
% Funded Debt Bonds	—	—	—	—
% Other Long Term Debt	—	—	34.7	46.6
% Preferred Stock	—	—	.7	—
% Common Stock	—	—	8.5	7.0
% Current Maturity (LTD) Short Term Notes	—	—	1.4	.6
% Retained Earnings	—	—	54.7	45.8

PLANT IN SERVICE AND DEPRECIATION RESERVE ($000 omitted)

Class A Plant	$199 968 000	154 476 921	45 491 080	$180 138 297
Depreciation Reserve	52 866 954	38 561 738	14 305 216	45 742 263
% Reserve	26.4	25.0	31.5	24.6
Class B Plant	—	—	$ 9 926	$ 12 905
Depreciation Reserve	—	—	5 122	5 809
% Reserve	—	—	51.6	45.0

COMPARISON OF REVENUES, EXPENSES AND NET OPERATING INCOME PER ACCESS LINE

	Class A and B Companies				Class A and B Companies			
	1985 Bell and Indept. A	1985 Bell Only A	1985 Indept. Only A	1985 Indept. Only B	1984 Bell and Indept. A	1984 Bell Only A	1984 Indept. Only A	1984 Indept. Only B
Operating Revenues								
Local Service	$292.11	299.81	260.36	123.76	285.42	289.46	268.35	$113.81
Network Access	215.77	206.33	253.31	108.00	197.41	190.16	228.01	58.24
Toll Service	104.60	97.36	133.48	178.47	110.09	100.06	152.34	204.59
Miscellaneous	65.15	60.97	81.87	21.94	67.32	65.58	74.66	13.70
Less: Uncollectibles	4.43	4.59	3.75	1.74	4.46	4.55	4.12	1.54
Total	$673.20	659.88	725.27	430.43	655.78	640.71	719.24	$388.80
Operating Expenses and Taxes								
Maintenance	$134.30	132.90	139.63	76.18	135.68	134.33	141.37	$53.17
Depreciation	116.84	110.25	143.11	75.72	105.62	97.56	139.60	74.62
Traffic	24.26	23.65	26.69	4.66	25.31	24.65	28.10	5.25
Commercial	51.14	51.92	47.87	31.36	51.48	52.84	45.75	25.15
General Off. Sal. & Exp.	48.32	46.77	54.42	65.04	46.47	45.34	51.23	54.75
Other	64.73	67.01	55.37	49.20	63.26	65.25	54.83	34.79
Taxes Other than F.I.	54.08	55.16	49.57	29.61	55.27	56.10	51.76	28.00
Federal Income Taxes	56.88	55.45	62.50	22.03	52.01	49.66	61.94	17.66
Total	$550.54	543.11	579.16	353.80	535.10	525.73	574.58	$293.39
Net Operating Income	$122.66	116.77	146.11	76.63	120.68	114.98	144.66	$ 95.41
Oper. Rev. per $1 of Plant (1)	$ .402	.410	.378	.320	.392	.397	.374	$ .304
Oper. Ratio Before F.I. Taxes (2)	73.3	73.9	71.2	77.1	73.7	74.3	71.3	70.9
Oper. Exp. & Taxes (Excl. F.I. Taxes per $1 of Plant (1)	$ .295	.303	.269	.247	.289	.298	.267	$ .216
Net Oper. Inc. per $1 of Plant (1)	.073	.073	.076	.057	072	.071	.075	.075
Net Oper. Inc. per $1 of Depreciated Plant (1)	$ .098	.095	.110	.116	.094	.091	.107	$ .131
Maintenance — % of Plant (1)	8.03	8.25	7.27	5.67	8.11	8.33	7.35	4.17
Maintenance — % of Total Rev.	19.9	20.1	19.3	17.7	20.7	21.0	19.7	13.7
Depreciation — % of Plant (1)	6.98	6.85	7.45	5.63	6.32	6.05	7.26	5.85
Depr. and Maintenance % of Total Operating Revenues	37.3	36.8	39.0	35.3	36.8	36.2	39.1	32.9

(1) Average Plant in Service
(2) Ratio of Operating Expenses to Total Operating Revenues

R.E.A. LOAN ACTIVITIES
RURAL TELEPHONE PROGRAM

As of end of Month		Funds: Loan Approved (net) ($000)	Funds: Advanced Cumulative ($000)	Number Borrowers	Number of Subscribers: To Receive Improved Service	Number of Subscribers: To Receive Initial Service	Number of Subscribers: Total
December 1985	REA	$4 937 212	$4 133 786	999	1 900 190	3 599 783	5 499 973
	RTB	2 130 794	1 488 332	572			
December 1984	REA	4 741 862	4 002 328	1 001	1 850 871	3 546 202	5 397 073
	RTB	2 000 438	1 421 596	546			
December 1983	REA	4 539 571	3 819 768	1 002	1 835 859	3 394 563	5 230 422
	RTB	1 871 667	1 339 880	524			
December 1982	REA	4 326 561	3 639 548	994	1 812 556	3 305 961	5 118 517
	RTB	1 725 582	1 242 381	504			
December 1981	REA	4 076 323	3 415 708	978	1 764 016	3 150 062	4 914 078
	RTB	1 529 474	1 136 115	467			
December 1980	REA	3 844 840	3 150 443	962	1 692 092	3 027 195	4 719 287
	RTB	1 388 221	997 293	443			
December 1979	REA	3 606 093	2 892 056	954	1 657 622	2 882 568	4 540 190
	RTB	1 261 805	793 682	426			
December 1978	REA	3 354 379	2 674 843	942	1 615 965	2 754 298	4 370 263
	RTB	1 120 500	660 120	408			
December 1977	REA	3 034 007	2 526 906	930	1 544 766	2 573 780	4 118 546
	RTB	979 228	515 020	387			
December 1976	REA	2 851 239	2 370 610	922	1 488 386	2 418 197	3 906 583
	RTB	767 844	429 329	371			

BY TYPE OF BORROWER

December 1985						
Cooperatives	2 599 570	2 124 206	252	322 847	860 093	1 182 940
Commercial	4 259 839	3 337 765	776	1 524 614	2 653 401	4 178 015
Public Bodies	208 597	160 147	5	52 729	86 289	139 018
Total	7 068 006	5 622 118	1 033*	1 900 190	3 599 783	5 499 973

* Includes 34 borrowers that have loans only from RTB

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